

June 2, 1997

**TO:** Governor's Council of Economic Advisor

**FROM:** Chang Mook Sohn, Executive Director  
Office of the Forecast Council

**SUBJECT:** PRELIMINARY JUNE 1997 ECONOMIC FORECAST

This preliminary forecast was based on **Data Resources' May Control** forecast for the U.S. economy which incorporated the advance GDP estimate for the first quarter of 1997. Real GDP growth accelerated to 5.6 percent in the first quarter from 3.8 percent in the fourth quarter and 3.1 percent for all four quarters of 1996. Much of the first quarter strength was the result of a surge in inventory accumulation, but final sales were also up 3.9 percent. The forecast assumes that the economy will slow to a more sustainable average rate of 2.1 percent during the remainder of the forecast. A comparison of the Preliminary U.S. forecast with the forecast adopted in March is shown in Table 1.

This forecast utilizes an alternative employment estimate developed by the Department of Employment Security and the Office of the Forecast Council. The alternative employment estimate incorporates the covered employment and payrolls data through the fourth quarter of 1996. In addition, the growth pattern from December 1996 through April 1997 has been adjusted to reflect the average revision between the preliminary, sample based estimates and the final, covered employment and payrolls based estimates during these months. The latest data indicate that employment in the first quarter of 1997 was 18,800 (0.8 percent) higher than believed in March.

The forecast incorporates the BEA's April 1997 state personal income release which contained revised estimates through the third quarter of 1996 and preliminary estimates for the fourth quarter. Since the BEA will eventually benchmark its wage and salary estimates to the covered employment and payrolls data for all sectors except agriculture and federal government, preliminary covered employment and wage data from the Washington Department of Employment Security were used to generate wage estimates for all four quarters of 1996. The BEA estimates were used for agriculture and federal government wages as well as for all

nonwage components of personal income. The revised income data indicate that Washington's personal income in the fourth quarter of 1996 was \$1.198 billion (0.9 percent) higher than expected in the March forecast primarily as a result of a \$1.194 billion ( 1.5 percent) forecast error in wages and salaries. Nonwage sources of personal income were only \$0.004 billion (0.0 percent) higher than expected. According to the covered employment and payrolls data, average wages in Washington rose 5.3 percent in 1996. Much of the strength in wage growth is coming from the prepackaged software sector where employment was up 13.0 percent from the previous year and average wages were up 34.6 percent. Excluding software, which comprises less than 0.1 percent of overall employment, average wages in Washington would have been up only 4.1 percent.

As in March, Washington's aerospace employment forecast assumes an increase of 8,000 jobs in 1997 and 1,000 per year in 1998 and 1999. Cumulative employment growth since the fourth quarter of 1995 is expected to reach 26,700 by the fourth quarter of 1999. The assumption that Intel will add 1,000 employees per year through 1999 in conjunction with its new plant in DuPont is now reflected in the nonelectrical machinery forecast rather than in electrical machinery as in March. A noneconomic reclassification of Hanford employment in the fourth quarter of 1996 resulted in the loss of approximately 6,000 jobs in the services sector and a corresponding gain in transportation, communications, and public utilities. Hanford related employment is still expected to decline 800 during 1997. The strong growth of wages in the software sector is the result of the exercising of increasingly valuable stock options by employees. This trend is expected to continue into early 1997, adding 0.8 percent to average wage growth in 1997 and 0.5 percent to personal income growth. A comparison of the Preliminary Washington forecast with the forecast adopted in March is shown in Table 2.

Review of the forecast by the Governor's Council of Economic Advisors is scheduled for Friday, June 6, 1997 at 10:00 a.m., in the Governor's Conference Room located in the State Capital Building. **Council members who are unable to attend are requested to complete and return by FAX (360) 753-7022 the enclosed forecast worksheet.**

If you have any questions, please contact Bret Bertolin, Senior Economic and Revenue Forecast Specialist at (360) 586-6785.

CMS: ct/bb

Enclosures

Table 1  
U.S. Forecast Comparison

	1996:4	1997:1	1997:2	1997:3	1997:4	1998:1	1998:2		1995	1996	1997	1998	1999
<b>Real GDP</b>													
June	6993.3	7089.4	7139.2	7179.8	7215.5	7244.6	7271.4		6742.8	6906.8	7156.0	7289.2	7439.9
Percent Change	3.8	5.6	2.8	2.3	2.0	1.6	1.5		2.0	2.4	3.6	1.9	2.1
March	7008.7	7052.2	7092.4	7124.1	7165.2	7208.9	7245.6		6742.9	6911.0	7108.5	7259.9	7410.2
Percent Change	4.7	2.5	2.3	1.8	2.3	2.5	2.0		2.0	2.5	2.9	2.1	2.1
<b>Implicit Price Deflator</b>													
June	1.107	1.112	1.117	1.124	1.131	1.138	1.145		1.076	1.098	1.121	1.149	1.182
Percent Change	2.5	1.7	2.0	2.3	2.6	2.5	2.6		2.3	2.1	2.1	2.5	2.9
March	1.108	1.113	1.119	1.126	1.133	1.140	1.148		1.076	1.099	1.123	1.152	1.184
Percent Change	2.6	1.7	2.4	2.3	2.5	2.6	2.7		2.4	2.1	2.2	2.6	2.8
<b>Real Personal Income</b>													
June	5946.8	6026.3	6080.9	6126.1	6161.9	6197.9	6222.3		5683.6	5872.4	6098.8	6231.8	6329.9
Percent Change	2.9	5.5	3.7	3.0	2.4	2.4	1.6		3.8	3.3	3.9	2.2	1.6
March	5946.6	6006.9	6044.4	6081.0	6114.6	6158.0	6185.2		5684.2	5873.8	6061.7	6196.8	6313.6
Percent Change	2.8	4.1	2.5	2.4	2.2	2.9	1.8		3.9	3.3	3.2	2.2	1.9
<b>Wage and Salary Employment</b>													
June	120.51	121.24	121.74	122.65	123.30	123.95	124.52		117.20	119.55	122.23	124.67	126.27
Percent Change	1.8	2.4	1.7	3.0	2.1	2.1	1.8		2.7	2.0	2.2	2.0	1.3
March	120.52	121.16	121.80	122.41	122.82	123.32	123.83		117.20	119.55	122.05	124.00	125.54
Percent Change	1.9	2.1	2.1	2.0	1.3	1.7	1.7		2.7	2.0	2.1	1.6	1.2
<b>Unemployment Rate</b>													
June	5.27	5.30	4.97	5.02	5.05	5.12	5.20		5.60	5.38	5.08	5.24	5.44
March	5.27	5.30	5.21	5.24	5.26	5.26	5.27		5.60	5.38	5.25	5.30	5.44
<b>Mortgage Rate</b>													
June	7.71	7.79	8.13	8.25	8.22	8.13	8.05		7.96	7.81	8.10	8.06	7.84
March	7.71	7.85	7.91	7.97	8.10	8.23	8.32		7.96	7.81	7.96	8.27	8.18
<b>3 Month T-Bill Rate</b>													
June	4.98	5.06	5.23	5.57	5.66	5.65	5.54		5.49	5.01	5.38	5.49	4.98
March	4.98	5.01	5.14	5.36	5.44	5.43	5.44		5.49	5.01	5.24	5.35	5.20

Table 2

**Washington Forecast Comparison**

	1996:4	1997:1	1997:2	1997:3	1997:4	1998:1	1998:2		1995	1996	1997	1998	1999
<b>Real Personal Income</b>													
June	128.318	130.362	131.759	133.124	134.361	135.379	136.209		120.026	125.419	132.402	136.617	140.190
Percent Change	7.1	6.5	4.4	4.2	3.8	3.1	2.5		3.7	4.5	5.6	3.2	2.6
March	127.155	128.793	129.940	131.025	132.147	133.371	134.255		120.017	125.158	130.476	134.697	138.710
Percent Change	3.3	5.3	3.6	3.4	3.5	3.8	2.7		3.7	4.3	4.2	3.2	3.0
<b>Personal Income</b>													
June	142.086	144.963	147.230	149.590	151.936	154.043	155.992		129.117	137.749	148.430	157.018	165.730
Percent Change	9.7	8.3	6.4	6.6	6.4	5.7	5.2		6.2	6.7	7.8	5.8	5.5
March	140.888	143.307	145.442	147.502	149.693	152.066	154.083		129.117	137.498	146.486	155.125	164.252
Percent Change	5.9	7.0	6.1	5.8	6.1	6.5	5.4		6.2	6.5	6.5	5.9	5.9
<b>Wage and Salary Employment</b>													
June	2455.1	2475.2	2492.9	2518.8	2540.7	2560.7	2578.9		2346.8	2416.0	2506.9	2586.4	2649.1
Percent Change	4.9	3.3	2.9	4.2	3.5	3.2	2.9		1.9	3.0	3.8	3.2	2.4
March	2438.4	2456.5	2476.1	2495.1	2511.5	2529.0	2545.0		2346.8	2411.5	2484.8	2552.2	2612.2
Percent Change	2.3	3.0	3.2	3.1	2.6	2.8	2.6		1.9	2.8	3.0	2.7	2.4
<b>Manufacturing Employment</b>													
June	354.3	358.6	362.3	366.3	368.9	370.2	371.1		332.3	344.1	364.0	371.3	374.6
Percent Change	9.5	5.0	4.2	4.5	2.8	1.5	1.0		-1.4	3.6	5.8	2.0	0.9
March	355.0	361.1	364.0	366.8	368.7	370.1	371.1		332.3	344.2	365.1	371.5	375.9
Percent Change	10.8	7.1	3.3	3.1	2.1	1.5	1.1		-1.4	3.6	6.1	1.8	1.2
<b>Construction Employment</b>													
June	129.8	129.9	131.2	131.6	132.6	133.2	134.2		122.0	127.2	131.3	134.2	135.1
Percent Change	4.4	0.3	4.0	1.4	3.0	1.8	2.9		-0.8	4.3	3.2	2.2	0.7
March	127.8	128.5	128.9	129.5	130.1	130.4	130.3		122.0	126.7	129.3	130.3	130.7
Percent Change	-1.7	2.3	1.1	2.0	1.8	0.9	-0.4		-0.8	3.9	2.0	0.8	0.4
<b>Housing Permits</b>													
June	37.811	41.678	39.583	44.052	44.352	44.704	45.156		38.160	39.597	42.416	45.278	45.207
Percent Change	-2.6	47.6	-18.6	53.4	2.8	3.2	4.1		-13.3	3.8	7.1	6.7	-0.2
March	40.440	42.413	44.698	43.846	43.596	43.276	43.179		38.160	42.400	43.638	43.479	44.452
Percent Change	-3.5	21.0	23.4	-7.4	-2.3	-2.9	-0.9		-13.3	11.1	2.9	-0.4	2.2

Table 3.1

**Monthly Nonfarm Employment Estimates**

Seasonally Adjusted

Current Employment Statistics	1996:4	1996:5	1996:6	1996:7	1996:8	1996:9	1996:10	1996:11	1996:12	1997:1	1997:2	1997:3	1997:4
Wage and Salary Employment	2386.6	2391.0	2393.5	2410.3	2418.4	2420.6	2435.4	2439.5	2447.7	2462.9	2463.4	2468.6	2472.0
Manufacturing	333.0	333.2	334.7	339.8	343.1	345.6	349.5	351.6	357.0	359.8	359.5	360.6	360.7
Durable Manufacturing	225.1	225.4	226.8	231.0	234.2	235.7	238.6	241.1	248.0	250.4	250.3	251.0	252.1
Lumber & Wood	34.1	34.0	34.1	34.1	34.5	33.8	34.0	33.9	36.3	36.9	36.4	36.3	36.2
Furniture	3.7	3.8	3.7	3.8	3.7	3.7	3.7	3.7	3.9	4.1	4.1	4.1	4.1
Stone-Clay-Glass	8.9	9.1	9.0	9.0	9.1	9.0	9.1	9.1	9.2	9.3	9.3	9.1	9.0
Primary Metals	11.6	11.5	11.6	11.6	11.6	11.7	11.6	11.7	11.6	11.6	11.5	11.6	11.5
Fabricated Metals	13.5	13.1	13.5	13.5	13.6	13.6	13.7	13.8	13.6	13.6	13.9	13.7	13.7
Nonelectrical Machinery	22.9	23.0	23.2	23.3	23.4	23.4	23.6	23.9	25.6	26.0	26.2	26.3	26.3
Electrical Machinery	14.9	15.0	15.1	15.4	15.6	15.7	15.9	15.9	15.5	15.6	15.7	15.8	15.9
Aerospace	80.6	81.0	81.8	85.6	88.0	90.0	92.5	94.7	96.8	97.3	97.2	97.7	99.0
Other Trans. Equipment	14.2	14.1	14.0	14.0	14.1	14.0	13.7	13.7	13.4	13.8	13.8	14.1	14.3
Instruments	13.1	13.1	13.1	13.2	13.1	13.1	13.1	13.0	13.7	13.8	13.8	13.7	13.8
Other Durables	7.6	7.7	7.6	7.6	7.6	7.7	7.8	7.6	8.3	8.5	8.4	8.5	8.4
Nondurable Manufacturing	107.8	107.9	107.9	108.8	108.9	109.9	110.9	110.5	109.0	109.3	109.2	109.6	108.5
Food and Kindred Products	41.8	42.4	42.5	42.9	43.0	44.2	45.0	44.4	41.4	41.3	41.4	41.8	41.1
Apparel	9.1	8.8	8.8	8.9	8.9	8.8	8.9	9.0	9.5	9.7	9.6	9.7	9.6
Pulp and Paper	17.2	17.0	16.6	17.1	17.0	17.0	17.0	17.0	16.8	16.8	16.8	16.6	16.5
Printing	24.0	23.9	24.0	24.0	24.0	24.0	24.1	24.1	24.4	24.6	24.5	24.5	24.4
Chemicals	5.6	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.6	5.7	5.7	5.8	5.7
Other Nondurables	10.2	10.2	10.3	10.4	10.5	10.4	10.5	10.4	11.3	11.3	11.2	11.2	11.2
Mining	3.3	3.2	3.2	3.2	3.2	3.3	3.3	3.4	3.4	3.6	3.6	3.6	3.5
Construction	124.2	124.2	124.8	124.7	125.1	125.4	125.7	125.5	129.6	131.7	132.1	130.9	132.2
Trans., Comm., and Utilities	122.0	122.1	121.8	121.5	121.7	120.7	122.1	122.4	124.3	125.3	125.2	125.9	125.7
Wholesale Trade	147.5	147.7	147.3	149.4	149.8	150.3	152.8	152.5	148.2	148.7	149.0	148.9	148.7
Retail Trade	442.8	442.9	442.6	443.0	443.6	443.9	444.2	444.2	447.9	449.1	449.8	451.8	452.3
Finance-Insurance-Real Estate	123.1	123.6	123.9	124.4	124.6	125.2	125.4	125.7	125.0	125.6	125.7	125.6	125.5
Services	643.6	646.1	648.0	651.3	655.2	657.5	661.6	663.7	658.9	663.4	666.1	668.1	670.2
Federal Government	69.0	68.6	68.5	68.3	68.0	68.1	67.8	68.1	67.9	67.4	66.8	66.8	66.7
State and Local Government	378.1	379.2	378.6	384.7	384.1	380.6	382.9	382.4	385.4	388.4	385.8	386.5	386.3

Table 3.2

**Monthly Nonfarm Employment Estimates**

Seasonally Adjusted

Forecast Council Assumptions	1996:4	1996:5	1996:6	1996:7	1996:8	1996:9	1996:10	1996:11	1996:12	1997:1	1997:2	1997:3	1997:4
Wage and Salary Employment	2393.5	2402.2	2401.0	2422.5	2430.3	2425.1	2447.6	2455.4	2462.4	2468.5	2473.8	2483.4	2485.8
Manufacturing	337.3	338.7	339.1	343.5	346.2	349.1	352.0	353.9	356.9	357.5	358.5	359.8	360.9
Durable Manufacturing	227.3	228.2	229.3	234.7	238.7	241.1	242.4	245.6	247.1	248.2	248.4	248.9	250.3
Lumber & Wood	34.6	34.9	34.9	35.2	36.2	36.4	35.4	35.2	35.3	35.3	34.9	34.5	34.3
Furniture	4.0	4.0	4.0	4.1	4.0	3.9	3.8	3.8	3.8	4.0	4.0	4.0	4.1
Stone-Clay-Glass	8.7	9.0	8.9	9.2	9.2	9.1	9.3	9.3	9.0	9.1	8.9	8.7	8.8
Primary Metals	11.4	11.4	11.5	11.5	11.5	11.6	11.4	11.4	11.3	11.4	11.3	11.3	11.3
Fabricated Metals	13.3	12.9	13.1	13.2	13.3	13.3	13.4	13.4	13.7	13.6	14.0	13.9	13.8
Nonelectrical Machinery	23.7	23.9	23.9	24.7	24.9	25.1	25.2	25.6	25.7	25.8	26.2	26.3	26.2
Electrical Machinery	14.8	14.9	15.0	15.1	15.3	15.3	15.5	15.6	15.6	15.6	15.8	15.9	16.1
Aerospace	80.7	81.3	82.1	85.9	88.2	90.4	92.9	95.2	97.0	97.6	97.6	98.1	99.2
Other Trans. Equipment	14.3	14.1	14.0	13.9	14.0	13.9	13.7	14.0	13.5	13.7	14.0	14.3	14.5
Instruments	13.5	13.5	13.6	13.8	13.8	13.8	13.8	13.9	14.1	13.9	13.9	13.7	13.9
Other Durables	8.2	8.3	8.3	8.2	8.3	8.4	8.1	8.1	8.0	8.0	7.9	8.0	8.0
Nondurable Manufacturing	110.0	110.5	109.8	108.8	107.6	108.0	109.6	108.4	109.7	109.3	110.1	110.9	110.6
Food and Kindred Products	43.0	43.7	43.0	41.7	40.5	41.1	42.4	41.0	42.5	42.5	43.1	43.6	43.5
Apparel	9.4	9.3	9.4	9.3	9.3	9.3	9.7	9.9	9.8	9.7	9.9	9.9	10.0
Pulp and Paper	17.0	16.8	16.7	16.8	16.7	16.8	16.6	16.5	16.6	16.6	16.5	16.5	16.4
Printing	24.3	24.2	24.2	24.3	24.2	24.2	24.2	24.2	24.2	24.3	24.3	24.3	24.2
Chemicals	5.6	5.6	5.6	5.7	5.7	5.6	5.5	5.5	5.5	5.3	5.5	5.5	5.5
Other Nondurables	10.8	10.8	10.8	11.0	11.2	11.1	11.2	11.2	11.1	10.9	10.9	11.0	11.0
Mining	3.4	3.4	3.4	3.3	3.4	3.4	3.4	3.4	3.4	3.6	3.5	3.5	3.5
Construction	125.9	126.3	126.6	127.7	129.2	128.4	129.1	130.3	130.1	129.7	129.8	130.3	131.1
Trans., Comm., and Utilities	122.3	122.7	122.7	123.0	123.7	122.8	132.5	132.5	131.8	133.0	133.1	133.5	133.9
Wholesale Trade	143.5	143.8	142.6	146.3	146.1	146.0	148.4	147.5	147.4	147.4	147.8	147.7	147.7
Retail Trade	443.9	444.6	444.7	447.1	449.4	447.5	449.2	450.8	451.6	453.7	453.6	455.9	456.1
Finance-Insurance-Real Estate	123.1	123.6	123.5	124.1	124.4	124.6	124.9	125.1	125.4	125.8	126.4	126.6	126.2
Services	644.8	648.7	649.5	651.1	655.7	654.0	657.7	660.9	661.1	662.6	669.0	672.0	673.7
Federal Government	69.4	69.0	68.8	68.2	68.4	68.4	67.7	68.1	68.2	67.5	67.1	67.1	67.4
State and Local Government	379.9	381.4	379.9	388.2	383.8	380.8	382.7	382.8	386.6	387.6	384.9	387.0	385.4

Table 3.3

**Monthly Nonfarm Employment Estimates**

Seasonally Adjusted

Difference	1996:4	1996:5	1996:6	1996:7	1996:8	1996:9	1996:10	1996:11	1996:12	1997:1	1997:2	1997:3	1997:4
Wage and Salary Employment	6.9	11.3	7.5	12.1	11.9	4.5	12.2	15.9	14.8	5.6	10.4	14.8	13.9
Manufacturing	4.3	5.4	4.4	3.7	3.1	3.5	2.5	2.3	-0.2	-2.3	-1.0	-0.8	0.2
Durable Manufacturing	2.1	2.8	2.5	3.7	4.5	5.3	3.9	4.5	-0.9	-2.3	-1.9	-2.1	-1.8
Lumber & Wood	0.5	0.9	0.8	1.1	1.7	2.5	1.4	1.3	-1.0	-1.6	-1.6	-1.8	-1.9
Furniture	0.3	0.2	0.3	0.3	0.3	0.2	0.1	0.1	-0.1	-0.1	-0.1	-0.0	0.0
Stone-Clay-Glass	-0.2	-0.1	-0.1	0.2	0.2	0.1	0.2	0.2	-0.2	-0.2	-0.4	-0.3	-0.2
Primary Metals	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.3	-0.3	-0.2	-0.3	-0.3	-0.3
Fabricated Metals	-0.2	-0.2	-0.4	-0.3	-0.3	-0.4	-0.3	-0.4	0.1	0.0	0.1	0.2	0.2
Nonelectrical Machinery	0.8	0.9	0.7	1.4	1.5	1.7	1.6	1.7	0.1	-0.2	-0.0	-0.0	-0.0
Electrical Machinery	-0.1	-0.1	-0.1	-0.3	-0.3	-0.4	-0.4	-0.3	0.1	0.0	0.1	0.1	0.2
Aerospace	0.1	0.3	0.3	0.3	0.2	0.4	0.4	0.5	0.2	0.4	0.3	0.4	0.2
Other Trans. Equipment	0.1	0.0	-0.0	-0.1	-0.1	-0.1	-0.0	0.3	0.1	-0.1	0.2	0.2	0.2
Instruments	0.4	0.4	0.5	0.6	0.7	0.7	0.7	0.9	0.4	0.1	0.1	-0.0	0.1
Other Durables	0.6	0.6	0.6	0.6	0.7	0.7	0.4	0.5	-0.3	-0.5	-0.5	-0.5	-0.5
Nondurable Manufacturing	2.2	2.6	1.9	0.1	-1.3	-1.9	-1.3	-2.1	0.7	-0.0	0.9	1.2	2.1
Food and Kindred Products	1.2	1.3	0.4	-1.2	-2.5	-3.1	-2.6	-3.4	1.1	1.3	1.7	1.8	2.3
Apparel	0.3	0.5	0.6	0.5	0.4	0.5	0.8	0.9	0.3	0.0	0.2	0.2	0.5
Pulp and Paper	-0.2	-0.2	0.1	-0.3	-0.3	-0.2	-0.4	-0.5	-0.2	-0.2	-0.3	-0.2	-0.2
Printing	0.3	0.3	0.2	0.3	0.2	0.2	0.1	0.1	-0.2	-0.3	-0.2	-0.1	-0.2
Chemicals	0.0	0.1	0.1	0.2	0.2	0.1	0.0	0.0	-0.1	-0.3	-0.2	-0.2	-0.2
Other Nondurables	0.6	0.6	0.5	0.6	0.7	0.7	0.8	0.8	-0.2	-0.5	-0.3	-0.2	-0.2
Mining	0.1	0.2	0.2	0.1	0.2	0.1	0.2	0.1	0.0	0.0	-0.0	-0.1	-0.0
Construction	1.7	2.1	1.8	2.9	4.1	3.0	3.4	4.8	0.5	-2.0	-2.3	-0.6	-1.1
Trans., Comm., and Utilities	0.3	0.6	0.9	1.5	2.0	2.1	10.4	10.1	7.5	7.8	7.9	7.6	8.2
Wholesale Trade	-4.0	-3.9	-4.7	-3.1	-3.7	-4.3	-4.5	-5.0	-0.8	-1.4	-1.1	-1.1	-1.0
Retail Trade	1.1	1.7	2.1	4.0	5.8	3.6	5.0	6.5	3.7	4.6	3.8	4.1	3.8
Finance-Insurance-Real Estate	-0.0	0.0	-0.4	-0.3	-0.2	-0.6	-0.5	-0.6	0.4	0.3	0.8	1.1	0.6
Services	1.2	2.5	1.6	-0.3	0.5	-3.5	-4.0	-2.8	2.2	-0.8	2.9	3.9	3.5
Federal Government	0.4	0.4	0.3	-0.1	0.4	0.3	-0.1	0.0	0.3	0.2	0.3	0.2	0.6
State and Local Government	1.8	2.2	1.4	3.5	-0.4	0.3	-0.2	0.4	1.2	-0.8	-0.9	0.5	-0.9

Table 4  
**U.S. Economic Forecast Comparison**  
 May 1997

	1997:1	1997:2	1997:3	1997:4	1996	1997	1998	1999
<b>Real GDP, Percent Change</b>								
DRI	5.6	2.8	2.3	2.0	2.4	3.6	1.9	2.1
Merril Lynch	5.6	2.5	2.3	1.8	2.4	3.5	1.9	NA
Blue Chip	5.6	2.3	2.1	2.0	2.4	3.3	2.0	NA
WEFA	5.6	2.5	1.8	1.7	2.4	3.5	1.9	2.3
<b>3-Month T-Bill Rate, Percent</b>								
DRI	5.06	5.23	5.57	5.66	5.01	5.38	5.49	4.98
Merril Lynch	5.06	5.30	5.50	5.50	5.01	5.33	5.33	NA
Blue Chip	5.1	5.3	5.4	5.5	5.0	5.4	5.4	NA
WEFA	5.1	5.3	5.7	5.8	5.0	5.5	5.5	5.0
<b>Consumer Price Index, Percent Change</b>								
DRI	2.4	1.8	2.6	2.8	2.9	2.6	2.7	3.1
Merril Lynch	2.4	1.7	2.8	2.6	2.9	2.6	2.5	NA
Blue Chip	2.3	2.6	2.9	2.9	2.9	2.8	3.0	NA
WEFA	2.4	2.3	2.3	2.4	2.9	2.6	2.6	2.7



Advisor's Name: \_\_\_\_\_

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**Forecast Worksheet**

June 2, 1997

**Calendar Years**

	1997:Q2	1997	1998	Average 1999: 1,2
<b>U.S.</b>				
<b>Real GDP, % Ch</b>				
Baseline	2.8	3.6	1.9	2.1
Your Opinion	_____	_____	_____	_____
<b>Implicit Price Deflator, % Ch</b>				
Baseline	2.0	2.1	2.5	2.9
Your Opinion	_____	_____	_____	_____
<b>Mortgage Rate, % Ch</b>				
Baseline	8.1	8.1	8.1	7.9
Your Opinion	_____	_____	_____	_____
<b>Probability the next recession begins in:</b>	_____	_____	_____	_____
<b>Washington State</b>				
<b>Real Personal Income, % Ch</b>				
Baseline	4.4	5.6	3.2	2.7
Your Opinion	_____	_____	_____	_____
<b>Wage and Salary Employment, % Ch</b>				
Baseline	2.9	3.8	3.2	2.4
Your Opinion	_____	_____	_____	_____
<b>Manufacturing Employment, % Ch</b>				
Baseline	4.2	5.8	2.0	0.9
Your Opinion	_____	_____	_____	_____
<b>Construction Employment, % Ch</b>				
Baseline	4.0	3.2	2.2	0.5
Your Opinion	_____	_____	_____	_____
<b>Housing Permits (Thousands)</b>				
Baseline	39.6	42.4	45.3	45.6
Your Opinion	_____	_____	_____	_____
<b>Washington Average Annual Wage, % Ch</b>				
Baseline	3.4	5.7	2.6	3.3
Your Opinion	_____	_____	_____	_____

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